

GAMBLING AWARENESS OF NOVA SCOTIA

Financial Statements

Year Ended March 31, 2015

GAMBLING AWARENESS OF NOVA SCOTIA

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Year Ended March 31, 2015

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INDEPENDENT AUDITOR'S REPORT

To the Directors of Gambling Awareness of Nova Scotia

We have audited the accompanying financial statements of Gambling Awareness of Nova Scotia, which comprise the statement of financial position as at March 31, 2015 and the statements of operations, changes in net assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the standards issued by the Public Sector Accounting Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

(continues)

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Gambling Awareness of Nova Scotia as at March 31, 2015 and the results of its operations and its cash flows for the year then ended in accordance with the standards issued by the Public Sector Accounting Board.

AC Hunter Tellier Belgrave Adamson

Dartmouth, Nova Scotia
June 30, 2015

AC HUNTER TELLIER BELGRAVE ADAMSON
CHARTERED ACCOUNTANTS

GAMBLING AWARENESS OF NOVA SCOTIA

Statement of Operations

Year Ended March 31, 2015

	Budget 2015	2015	2014
REVENUE			
Nova Scotia Provincial Lotteries and Casino Corporation	\$ 460,000	\$ 478,117	\$ 456,971
Investment income	200,000	143,425	140,835
Unused grants	-	-	21,376
Other revenue	1,000	-	-
	661,000	621,542	619,182
EXPENDITURES			
Rental	28,500	20,371	27,155
Professional fees	7,800	18,765	21,514
Office	36,536	16,198	22,937
Grants	-	-	199,200
Competitive research grants	273,000	-	-
Community capacity building	80,000	-	-
Consulting fees	226,464	-	-
Travel (recovery)	2,700	(215)	-
Salaries and wages (recovery)	6,000	(2,105)	333,251
	661,000	53,014	604,057
EXCESS OF REVENUE OVER EXPENDITURES FROM OPERATIONS			
	-	568,528	15,125
OTHER INCOME (EXPENSES)			
Unrealized gain (loss) on investments	-	120,215	80,116
Sexual Violence Strategy	-	1,526	(148,124)
	-	121,741	(68,008)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES			
	\$ -	\$ 690,269	\$ (52,883)

GAMBLING AWARENESS OF NOVA SCOTIA

Statement of Changes in Net Financial Assets

Year Ended March 31, 2015

	General Fund	Restricted Fund	2015	2014
NET FINANCIAL ASSETS - BEGINNING OF YEAR	\$ 967,116	\$ 2,749,852	\$ 3,716,968	\$ 3,769,851
Excess of revenue over expenditures (Note 7)	492,809	197,460	690,269	(52,883)
NET FINANCIAL ASSETS - END OF YEAR	\$ 1,459,925	\$ 2,947,312	\$ 4,407,237	\$ 3,716,968

GAMBLING AWARENESS OF NOVA SCOTIA

Statement of Financial Position

Year Ended March 31, 2015

	2015	2014
FINANCIAL ASSETS		
Cash (<i>Note 4</i>)	\$ 1,308,126	\$ 881,614
Marketable securities (<i>Note 5</i>)	4,176,183	3,938,423
Accounts receivable (<i>Note 6</i>)	44,098	43,127
Due from Nova Scotia Provincial Lotteries and Casino Corporation	39,618	34,645
	5,568,025	4,897,809
LIABILITIES		
Accounts payable and accrued liabilities	15,515	44,729
Deferred revenue for CDA grants	179,795	179,795
Grants payable	43,000	208,000
Due to NS Department of Health and Wellness	920,056	748,317
	1,158,366	1,180,841
NET FINANCIAL ASSETS	4,409,659	3,716,968
NON-FINANCIAL ASSETS		
Prepaid expenses	161	2,581
	\$ 4,409,820	\$ 3,719,549

GAMBLING AWARENESS OF NOVA SCOTIA

Statement of Cash Flows

Year Ended March 31, 2015

	2015	2014
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenditures	\$ 690,269	\$ (52,883)
Changes in non-cash working capital:		
Accounts receivable	(971)	(1,905)
Accounts payable and accrued liabilities	(29,212)	12,362
Prepaid expenses	2,420	-
Due from Nova Scotia Provincial Lotteries and Casino Corporation	(4,973)	3,114
Grants payable	(165,000)	51,081
	(197,736)	64,652
Cash flow from operating activities	492,533	11,769
INVESTING ACTIVITY		
Marketable securities	(237,760)	(204,304)
FINANCING ACTIVITY		
Advances from related parties	171,739	376,117
INCREASE IN CASH FLOW	426,512	183,582
Cash - beginning of year	881,614	698,032
CASH - END OF YEAR	\$ 1,308,126	\$ 881,614

GAMBLING AWARENESS OF NOVA SCOTIA

Notes to Financial Statements

Year Ended March 31, 2015

1. DESCRIPTION OF BUSINESS

On March 11, 1998, The Nova Scotia Gaming Foundation was established pursuant to the Gaming Control Act and the Provincial Finance Act. The Gaming Control Act was amended on July 27, 2010, whereby the name of the Foundation was changed to Gambling Awareness Foundation of Nova Scotia.

The purpose of the Foundation is to receive, maintain and disburse VLT Problem Gaming Fund monies in furtherance of the purposes set out in the Gaming Control Act, including research or education in respect of gambling, or treatment and remediation of the effects of gambling.

VLT retailers have agreed, under the terms of their retailer agreements, to contribute 1% of their VLT commission to the Foundation. The Nova Scotia Provincial Lotteries and Casino Corporation has also agreed to contribute an amount equal to all contributions made by the VLT retailers.

Responsibility for the Foundation was transferred from the Nova Scotia Provincial Lotteries and Casino Corporation to the Department of Health and Wellness. The Foundation is governed by a Board of Directors. The objectives of the Foundation and its governance and accountability framework are established in a Memorandum of Agreement (MOA) with the Department. The MOA was last revised in March 2009.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with standards issued by the Public Sector Accounting Board.

Revenue recognition

Gambling Awareness Nova Scotia follows the deferral method of accounting for contributions. Interest earned in the Community Development Account (CDA) is recognized as revenue in the year in which the related expenses are incurred. The CDA contributions from unused grant funding are recognized as a direct increase to the restricted CDA fund. Unrestricted contributions and revenues are recognized as revenue when they are received or receivable, if the amount received can be estimated and the collection is reasonably assured.

Investment income includes dividends and interest income, and realized and unrealized gains and losses. Unrealized gains and losses are recognized as revenue in the statements of operations, deferred or reported directly in net assets, depending on the nature of any external restrictions imposed on the investment income. Unrestricted investment income is recognized as revenue when earned.

Cash

Cash includes cash less outstanding cheques plus outstanding deposits.

Marketable securities

The Foundation's investments are carried at fair value and consist of cash and cash equivalents, fixed income investments, and investments in mutual funds.

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Notes to Financial Statements

Year Ended March 31, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Accounting estimates

Accounting estimates are included in financial statements to approximate the effect of past business transactions or events, or to approximate the present status of an asset or liability. Examples include loss provisions, expense accruals, deferred revenue, and revenue. It is possible that changes in future conditions could require changes in the recognized amounts for accounting estimates. Should an adjustment become necessary, it would be reported in earnings in the period in which it became known.

HST Recovery

As a not-for-profit entity, the Foundation is entitled to a rebate of 50% of the HST paid or eligible expenses. The practice of the Foundation is to record expenditures net of refundable HST.

Grants payable

Grants payable are carried at the contract amount.

3. FINANCIAL INSTRUMENTS

Gambling Awareness Nova Scotia's financial instruments consist of cash, investments, accounts receivable, accounts payable, and current and long-term grants payable. Equity investments, mutual funds and term deposits which are held-for-trading are carried at fair value.

Long-term debt is recorded at its amortized cost using the effective interest method.

Long-term grants payable are recorded at the contract amount.

Fair Value

The foundation's carrying value of cash and cash equivalents, accounts receivable, and accounts payable approximates its fair value due to the immediate or short term maturity of these instruments.

When available, fair value of marketable securities is determined by reference to bid price at the end of the year in an active market. When the bid price is not available, or the market for a financial instrument is not active, fair value has been determined by reference to published price quotations and to the fair value of other financial instruments which bear similar risks and returns. The Foundation minimizes risk through its investment in guaranteed investment certificates.

Interest Rate

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the foundation manages exposure through its normal operating and financing activities. The foundation is exposed to interest rate risk primarily through its interest bearing investments.

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Notes to Financial Statements

Year Ended March 31, 2015

4. CASH

Cash consists of the following:

	2015	2014
Cash - general	\$ 1,271,239	\$ 845,086
CIBC Community Development Account	36,887	36,528
	\$ 1,308,126	\$ 881,614

5. INVESTMENTS

Investments consist of the following:

	2015	2014
CIBC Wood Gundy CDA account	\$ 3,138,632	\$ 2,938,146
CIBC Wood Gundy operating account	1,037,551	1,000,278
	\$ 4,176,183	\$ 3,938,424

6. ACCOUNTS RECEIVABLE

	2015	2014
Accounts receivable consist of the following:		
HST receivable	\$ 6,480	\$ 10,142
Accrued interest receivable - operating account	15,692	7,664
Accrued interest receivable - CDA account	21,925	25,310
	\$ 44,097	\$ 43,116

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Notes to Financial Statements

Year Ended March 31, 2015

7. COMMUNITY DEVELOPMENT ACCOUNT

Section 8 of the previous Memorandum of Agreement (MOA) between the Foundation and the Department of Health Promotion and Protection required the creation of a Community Development Account (CDA). Amounts were allocated from within the Foundation's bank account to establish the CDA in 2005-06.

Under the revised MOA, dated March 2009, the interest accrued in the account shall be used to provide grants to community health boards (CHBs) to support problem gambling initiatives. The fund balance is not to decrease below its initial level and will be increased annually if the Gambling Awareness Nova Scotia funding streams accrue a surplus.

	2015	2014
Opening fund balance	\$ 2,749,852	\$ 2,567,448
Unrealized gains from CDA Investments	110,380	89,663
Realized gains from CDA Investments	97,955	102,495
Unused Grants	-	558
Investment expense on CDA funds	(10,875)	(10,312)
	\$ 2,947,312	\$ 2,749,852

8. GRANTS

Section 11.0 of the MOA requires that funds received by the Foundation shall be allocated to research grants and community grants as well as to the necessary operational expenses of the Foundation and other initiatives that support its objectives and strategic priorities. Research and community grants funding shall be according to the objectives of the Foundation as noted in the regulations to the Act, and the MOA. There were no grants approved during fiscal 2015:

	2015	2014
Research and community	\$ -	\$ 80,000
Nova Scotia Health Research Grants	-	79,200
	\$ -	\$ 159,200

9. RELATED PARTY TRANSACTIONS

The Foundation is related to all other departments, agencies, boards and commissions of the Province of Nova Scotia. Transactions with other provincial entities described in Note 6, were entered into in the normal course of operations.

10. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Consistent with similar not-for-profit organizations, the Foundation's risk management policies are part of the overall management of the entity's operations. Management's direct involvement in day-to-day operations identifies risks and variations from expectations leading to changes in risk management activities, requirements and actions. Management has not entered into hedging transactions to manage risk. As a part of the overall management of the entity's operations, management considers avoidance of undue concentrations of risk, and employs appropriate investment and credit management policies to manage the Foundation's exposure.

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Notes to Financial Statements

Year Ended March 31, 2015

11. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the presentation adopted for the current year.

12. ECONOMIC DEPENDENCE

The Nova Scotia Provincial Lotteries and Casino Corporation provides the Foundation with funding necessary to provide grant support. The Foundation's ability to issue research grants is currently dependant on receiving adequate funding from the Nova Scotia Provincial Lotteries and Casino Corporation.
